

Exhibit A

Proposed SEDC Operating Budget for Fiscal Year 2019-20

SEGUIN ECONOMIC DEVELOPMENT CORPORATION
PROPOSED FY 2019-2020 BUDGET

	Original Budget FY2019	Year End Estimates FY2019	Proposed Budget FY2020
Balance forward as of October 1	\$551,943	\$718,960	\$1,113,134
Revenues			
Sales Tax (Type A 1/4 Cent)	\$1,283,333	\$1,266,667	\$1,283,333
Lease-Ewald House (3031 N. Austin Street)	\$7,200	\$7,200	\$7,200
Principal/Interest-Tucker/Davis	\$47,464	\$200,113	\$0
Principal/Interest-Pure and Gentle	\$1,950	\$1,950	\$1,950
Miscellaneous Revenue	\$0	\$821	\$0
Interest	\$3,500	\$14,250	\$9,250
Total Revenue	\$1,343,447	\$1,491,001	\$1,301,733
Expenditures			
Annual Audit	\$5,000	\$4,200	\$4,350
Attorney Fees	\$48,000	\$48,000	\$48,000
Board of Directors	\$0	\$0	\$5,000
BRE & Workforce Development	\$70,000	\$10,000	\$60,000
Economic Development Services	\$243,135	\$243,135	\$275,000
Infrastructure Development	\$0	\$0	\$50,000
Infrastructure Development-Manufacturing	\$50,000	\$25,000	\$0
Infrastructure Development-Retail	\$25,000	\$15,000	\$0
Marketing & Promotion (Business Development)	\$140,000	\$140,000	\$120,000
Operating Supplies	\$15,000	\$15,000	\$10,000
Professional Development	\$10,000	\$10,000	\$10,000
Professional Services	\$105,000	\$105,400	\$225,000
Project Development (Facility Development)	\$100,000	\$80,000	\$100,000
Property Maintenance	\$10,000	\$8,000	\$14,200
Small Business Development	\$70,000	\$70,000	\$65,000
Debt Service	\$273,092	\$273,092	\$526,441
Total Expenditures	\$1,164,227	\$1,046,827	\$1,512,991
Net Revenues (Expenditures) before transfers	\$179,220	\$444,174	-\$211,258
Transfers to SEDC Incentive/Infrastructure Fund	(\$50,000)	(\$50,000)	(\$16,000)
Net Revenues (Expenditures) after transfers	\$129,220	\$394,174	-\$227,258
Balance as of September 30	\$681,163	\$1,113,134	\$885,876



**ECONOMIC
DEVELOPMENT
CORPORATION**

Budget Overview – Fiscal Year 2019-2020

Summary

For Fiscal Year 2019-2020, the Seguin Economic Development Corporation (SEDC) will continue to strategically focus on its mission to grow the Seguin economy through projects that promote and develop new and expanded business enterprises and result in the creation and/or retention of Primary Jobs. In order to carry out its mission, the SEDC will focus its efforts on primary industry recruitment (primary job creation), business retention and expansion (primary job retention), workforce development, small business development and targeted infrastructure improvements. The SEDC is focused on being fiscally responsible and growing the SEDC's fund balance.

Budgeted Revenues

The SEDC anticipates **\$1,301,733** in total revenue for Fiscal Year 2019. The SEDC is primarily funded through a $\frac{1}{4}$ sales tax that is allocated towards Type A economic development efforts. For Fiscal Year 2019, staff anticipates **\$1283,333** in revenues from sales tax collections allocated to the SEDC. Additional sources of revenue for the SEDC include monies received through leases and interest. For Fiscal Year 2019, staff anticipates **\$18,400** in revenues from these additional sources.

Revenues	Original Budget FY 2019	Year End Estimate FY 2019	Proposed Budget FY 2020	Notes
Economic Development Sales Tax	\$1,283,333	\$1,266,667	\$1,283,333	
Lease – 3031 N. Austin Street	\$7,200	\$7,200	\$7,200	
Principal/Interest – Tucker Davis (Roll Masters)	\$47,464	\$200,133	\$0.00	Property sold and loan was paid off in full.
Principal/Interest – Pure & Gentle	\$1,950	\$1,950	\$1,950	
Miscellaneous Revenue	\$0	\$821	\$0	
Interest	\$3,500	\$14,250	\$9,250	
	\$1,343,447	\$1,491,001	\$1,301,733	

Budgeted Expenditures

Annual Audit: \$4,350.00

Expenditure	Original Budget FY 2019	Year End Estimate FY 2019	Proposed Budget FY 2020	% Change from Budget FY 18-19	% of Budgeted Expenditures
Annual Audit	\$5,000	\$4,200	\$4,350	-13%	0.3%

Objectives and Proposed Expenditures:

Funding for required annual audit of SEDC Budget by third party.

Attorney Fees: \$48,000.00

Expenditure	Original Budget FY 2019	Year End Estimate FY 2019	Proposed Budget FY 2020	% Change from Budget FY 18-19	% of Budgeted Expenditures
Attorney Fees	\$48,000	\$48,000	\$48,000	-0%	3.2%

Objectives and Proposed Expenditures:

Funding for attorney retainer fees, expenses and other related items.

Board of Directors: \$5,000.00

Expenditure	Original Budget FY 2019	Year End Estimate FY 2019	Proposed Budget FY 2020	% Change from Budget FY 18-19	% of Budgeted Expenditures
Board of Directors	\$0	\$0	\$5,000		0.3%

Objectives and Proposed Expenditures:

Expenditures associated with SEDC Board of Directors Meetings and Training.

Additional Account Information:

- Newly created account

BRE & Workforce Development: \$85,000.00

Expenditure	Original Budget FY 2019	Year End Estimate FY 2019	Proposed Budget FY 2020	% Change from Budget FY 18-19	% of Budgeted Expenditures
BRE & Workforce Development	\$70,000	\$10,000	\$60,000	-20%	4.0%

Objectives and Proposed Expenditures:

Strengthen and expand the skills of Seguin's existing and future workforce to ensure an available quality workforce.

- **Business Retention and Expansion (BRE):** The SEDC works with existing industry to ensure the retention of Primary Jobs in Seguin. Typical expenditures associated with BRE efforts include job fairs, business roundtables, lunch and learn events and the annual Business Appreciation and Economic Outlook Luncheon.

- **Workforce Development:** The SEDC also works to ensure that our community has the talent pipeline in place to fill the jobs of the future. Typical expenditures related to workforce development efforts are associated with the SEDC's annual industry bus tours for high school students and the Seguin Career and Industry Signing Day event. Funding might also be spent as matching funds for grants that will support certain CTE Programs within area high schools.

Economic Development Services: \$275,000.00

Expenditure	Original Budget FY 2019	Year End Estimate FY 2019	Proposed Budget FY 2020	% Change from Budget FY 18-19	% of Budgeted Expenditures
Economic Development Services	\$243,135	\$243,135	\$275,000	+13.1%	18.2%

Objectives and Proposed Expenditures:

Expenses related to professional services provided by City of Seguin to the SEDC, as well as SEDC staff in accordance with the management services agreement with the City of Seguin:

- 10% of annual Type A sales tax revenues received by SEDC
- 50% salary reimbursements for Assistant Director position
- 100% salary reimbursements for Business Retention Specialist position
- 50% salary reimbursements for Business Recruitment Specialist position
- Mobile phone and vehicle allowance reimbursements
- Salary reimbursement for intern (if applicable)
- Other expense reimbursements related to operations, transportation and maintenance.

Infrastructure Development \$50,000.00

Expenditure	Original Budget FY 2019	Year End Estimate FY 2019	Proposed Budget FY 2020	% Change from Budget FY 18-19	% of Budgeted Expenditures
Infrastructure Development	\$75,000	\$40,000	\$50,000	-33.3%	3.3%

Objectives and Proposed Expenditures:

Consider assistance in the upgrading and/or extending of physical infrastructure to provide water, sewer, electricity, telecommunications, streets and drainage facilities to meet the needs of existing and new industries.

- Potential funding available for participation in upgrading the City's infrastructure to facilitate an industrial expansion, relocation and/or projects suitable for infrastructure necessary to promote or develop new or expanded business enterprise limited to the permissible Type A projects as defined by section 501.103 of the Texas Local Government Code.
- Consider cost-sharing infrastructure extensions and/or upgrades for existing or relocating industries to enhance the retention and creation of primary jobs.

Note: Permissible Type A infrastructure "projects" under Section 501.103 of the Texas Local Government Code include streets and roads, rail spurs, water and sewer utilities, electric utilities, gas utilities, drainage, site improvements, and related improvements (telecommunications and internet improvements).

Additional Account Information:

- Account is now a combination of Infrastructure Development – MFG and Infrastructure Development – Retail accounts.

Marketing and Promotion: \$120,000.00

Expenditure	Original Budget FY 2019	Year End Estimate FY 2019	Proposed Budget FY 2020	% Change from Budget FY 18-19	% of Budgeted Expenditures
Marketing and Promotion	\$75,000	\$40,000	\$50,000	-14.3%	8.0%

Objectives and Proposed Expenditures:

Account primarily used for expenditures associated with economic development marketing and promotion. This includes dues to marketing organizations that the SEDC participates with, production of marketing materials, marketing campaigns and events, travel associated with recruitment efforts and other miscellaneous marketing expenses.

- **Organizational Dues:** The SEDC partners with these organizations primarily for lead generation purposes. Organizations that the SEDC partners with includes Team Texas, Texas Economic Development Corporation, Site Location Partnership, San Antonio Manufacturers Association and Location Advisors
- **Marketing Materials:** Over the course of the fiscal year, the SEDC will work to produce new marketing material to highlight the assets of the City of Seguin. This typically includes working with graphic design and other entities for production purposes.
- **Marketing Campaigns:** In addition to producing material, the SEDC will leverage other means of communication for marketing purposes. In FY 2020, the SEDC plans to work with a third party entity to roll out with a targeted online advertisement campaign.
- **Lead Generation/Project and Prospect Recruitment:** The SEDC participates on targeted mission trips with organizations such as Team Texas, Texas EDC and Site Location Partnership. These efforts enable the SEDC to market Seguin to site consultants and business prospects outside of the region. The SEDC will typically participate in 6-8 trips with Team Texas to targeted markets and industry conferences. In addition to efforts with Team Texas, the SEDC will also participate on a mission trip to a targeted market with regional partners from San Antonio and New Braunfels.

Additional Account Information:

- Formally "Business Development/Public Relations".

Operational Supplies: \$10,000.00

Expenditure	Original Budget FY 2019	Year End Estimate FY 2019	Proposed Budget FY 2020	% Change from Budget FY 18-19	% of Budgeted Expenditures
Operating Supplies	\$15,000	\$15,000	\$10,000	-33.3%	0.7%

Objectives and Proposed Expenditures:

Expenditures associated SEDC activities, operations, special events, and promotional projects.

Professional Development: \$10,000.00

Expenditure	Original Budget FY 2019	Year End Estimate FY 2019	Proposed Budget FY 2020	% Change from Budget FY 18-19	% of Budgeted Expenditures
Professional Development	\$10,000	\$10,000	\$50,000	0%	0.7%

Objectives and Proposed Expenditures:

Funding for expenses related to professional development classes and conferences for SEDC Staff.

Professional Services: \$225,000.00

Expenditure	Original Budget FY 2019	Year End Estimate FY 2019	Proposed Budget FY 2020	% Change from Budget FY 18-19	% of Budgeted Expenditures
Professional Services	\$105,000	\$105,400	\$225,000	+125%	14.9%

Objectives and Proposed Expenditures:

Professional services, including but not limited to engineering, appraisal, technical studies, designs, outside consultant or attorney fees and environmental studies, essential to asset, project and prospect development. Account will also be used for expenditures that are categorized as Contract and Subscription Services for the SEDC. These contract and subscription based expenditures formally were charged to the business development account. Contract and subscription services include:

- Website: Hosting, maintenance and other related dues to new SEDC Website
- JobsEQ: Economic development data subscription
- Impact Data Source: Economic impact analysis software subscription
- LOIS: Online available properties tool
- CoStar: Subscription to commercial real estate inventory system
- Sites to do Business: Economic development data subscription

Within this expense account, the SEDC has also allocated funds to work with a consultant to redevelop a program of work. The program of work will suggest strategies and action items that will help provide a solid foundation for the Seguin EDC moving forward with its overall economic development efforts. This effort will be market-oriented and identify specific goals with timetables.

Project Development: \$100,000.00

Expenditure	Original Budget FY 2019	Year End Estimate FY 2019	Proposed Budget FY 2020	% Change from Budget FY 18-19	% of Budgeted Expenditures
Project Development	\$70,000	\$70,000	\$65,000	0%	6.6%

Objectives and Proposed Expenditures:

Assist in the development of marketable industrial sites and facilities to encourage the attraction and expansion of industries.

- Potential funding available for project development. Typically associated with purchase of real estate and/or facility improvements that will result in the expansion and/or relocation of targeted industry and the creation/retention of primary jobs in Seguin.
- Potential funding to attaining assets such as development ready land, construction of new industrial facilities, lease or purchase of existing industrial facilities that can be improved and/or expanded for business recruitment and retention purposes.

Additional Account Information:

- FY 19 Budget: \$100,000
- Percent Change from Budget FY 19: 0%
- 6.6% of Overall Budgeted Expenditures

Property Maintenance: \$14,200.00

Expenditure	Original Budget FY 2019	Year End Estimate FY 2019	Proposed Budget FY 2020	% Change from Budget FY 18-19	% of Budgeted Expenditures
Property Maintenance	\$10,000	\$8,000	\$14,200	+42%	0.9%

Objectives and Proposed Expenditures:

Maintenance and upkeep of SEDC Properties (I-10 & Grein, I-10 & Rio Nogales, SH 123 & Stremmel, Rental House-3031 N. Austin Street, 8th Street and Guadalupe Street)

Small Business Development: \$65,000.00

Expenditure	Original Budget FY 2019	Year End Estimate FY 2019	Proposed Budget FY 2020	% Change from Budget FY 18-19	% of Budgeted Expenditures
Small Business Development	\$70,000	\$70,000	\$65,000	-7.1%	4.3%

Objectives and Proposed Expenditures:

Funding of the SPARK/UTSA Small Business Development Center (SBDC) satellite office, including, but not limited to training opportunities, minority business assistance, trade adjustment services to manufacturers, and networking events. UTSA SBDC Staff from the satellite office will travel throughout Comal and Guadalupe counties and host training courses in all of the sponsoring communities.

Debt Service: \$526,441.36

Expenditure	Original Budget FY 2019	Year End Estimate FY 2019	Proposed Budget FY 2020	% Change from Budget FY 18-19	% of Budgeted Expenditures
Debt Service	\$273,091.36	\$273,091.36	\$526,441.36	+92.8%	34.9%

Objectives and Proposed Expenditures:

Debt service reimbursement to the City of Seguin for bond, tax notes, and other debt payments. Debt obligations for FY 2020 include:

Obligation Name	Obligation Total	FY 2020	Notes
I-10 Frontage Roads (2013 Certificates of Obligation)	\$1,431,475.00	\$207,000.00	Final payment for this debt obligation.
Strempel Property Loan (FCB)	\$1,041,620.40	\$69,441.36	Strempel property is currently under contract. Loan is anticipated to be paid off once closing occurs.
Blumberg Property Loan	\$1,911,617.81	\$250,000.00	Per the loan agreement with the City of Seguin, the SEDC will pay \$250,000 per year of the agreement. Payment is due May 1 st . SEDC plans to use \$850k from sale of Strempel Property towards paying down the principal of the loan.
		\$526,441.36	

Transfers to SEDC Incentive / Infrastructure Fund: \$16,000.00

(Change from FY 17-18: 0%)

Objectives and Proposed Expenditures:

Transfer of funds at beginning of fiscal year to fulfill obligation per the terms of a performance agreement with Springs Hill Water Supply Corporation for the construction of a new elevated water storage tank. Final payment of financial obligation.